

LEXINGTON CORPORATE PROPERTIES TRUST

Form 424B3

October 17, 2006

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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-137296**

**TO THE SHAREHOLDERS OF  
LEXINGTON CORPORATE PROPERTIES TRUST AND  
NEWKIRK REALTY TRUST, INC.**

After careful consideration, the board of trustees of Lexington Corporate Properties Trust, or Lexington, and the board of directors of Newkirk Realty Trust, Inc., or Newkirk, have determined that the merger of the two companies is in the best interests of our respective shareholders and have approved a merger agreement authorizing the merger of Newkirk with and into Lexington. We are sending you this joint proxy statement/prospectus to ask you to vote FOR the approval of the merger, and to cordially invite you to attend special meetings of the companies to be held at the dates, times and places set forth below.

The boards of both Newkirk and Lexington believe the merger represents a strategic combination that will create one of the largest and best-positioned net lease REITs in the United States. The combined company will own more than 350 properties located across 44 states with a presence in the nation's premier growth markets and will have a high-quality and diversified tenant base. Moreover, both boards believe that the combination will create a well-capitalized platform with significantly increased scale and liquidity. We believe this financial flexibility coupled with a highly-experienced management team will enable the combined company to exploit a wide range of equity and debt investment opportunities, including institutional joint ventures and acquisitions of large portfolios and other real estate companies, and pursue both traditional and opportunistic single tenant related lines of business for direct ownership or in joint ventures with other capital sources. For these reasons the boards of both companies believe that the merger of Newkirk and Lexington holds the potential to significantly enhance long-term growth opportunities thereby creating substantial value for shareholders.

If the merger is completed, Newkirk stockholders will receive Lexington common shares in exchange for their shares of Newkirk common stock. Each share of Newkirk common stock will be converted into the right to receive 0.80 Lexington common shares. The value of the Lexington common shares to be received by Newkirk stockholders is dependent on the market price of Lexington common shares at the time of the merger as the exchange ratio is fixed. Upon completion of the merger and based on the number of Lexington common shares and shares of Newkirk common stock outstanding on October 13, 2006, we estimate, assuming redemption of all operating partnership units for Lexington common shares but not the conversion of Lexington's 6.50% Series C Cumulative Convertible Preferred Stock, that Newkirk's former stockholders and operating partnership unitholders will own approximately 46.7%, and Lexington shareholders and operating partnership unitholders will own approximately 53.3%, of the combined company on a fully diluted basis. There will also be a 0.80 for 1 reverse split of the units of Newkirk Master Limited Partnership (which we refer to as MLP units) so that after the merger each MLP unit will be redeemable at the holder's option for cash, based on the value of one Lexington common share, or, at Lexington's option, for one Lexington common share. Lexington's shareholders will continue to own their existing shares. Lexington common shares are listed on the New York Stock Exchange under the symbol LXP. Upon completion of the merger, Lexington will change its name to Lexington Realty Trust, and Newkirk common stock, which is listed on the New York Stock Exchange under the symbol NKT, will be delisted.

If the merger is completed, Lexington intends, at the sole discretion of Lexington's board of trustees, to make a one-time special dividend/distribution of \$0.17 per Lexington common share/operating partnership unit to the holders thereof on a record date on or prior to the completion of the merger. Following the merger, although annual cash dividends will continue to be set at the sole discretion of Lexington's board of trustees, we anticipate that Lexington's annual cash dividend will be increased to \$1.50 per share.

Lexington will hold a special meeting of shareholders and Newkirk will hold a special meeting of stockholders in order to obtain those approvals necessary to consummate the merger and to approve certain other matters as described in this joint proxy statement/prospectus. At the Lexington special meeting, Lexington will ask its common shareholders to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, the issuance of Lexington common shares and the amendment and restatement of Lexington's Declaration of Trust in connection with the merger, and to vote on the other Lexington special meeting matters described in this joint proxy statement/prospectus. At the Newkirk special meeting, Newkirk will ask its voting stockholders to approve the merger agreement and the transactions

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contemplated by the merger agreement, including the merger and to vote on the other Newkirk special meeting matters described in this joint proxy statement/prospectus.

More information about Lexington, Newkirk and the proposed merger is contained in this joint proxy statement/prospectus. We urge you to read this joint proxy statement/prospectus carefully, including Risk Factors Risks Relating to the Merger for a discussion of the risks relating to the merger. You may obtain additional information about Lexington and Newkirk from the documents that each company has filed with the Securities and Exchange Commission. See Where You Can Find More Information.

**Your vote is very important. We cannot complete the merger without the affirmative vote of at least a majority of the votes entitled to be cast by the holders of (a) the outstanding Lexington common shares, and (b) the outstanding shares of Newkirk common stock and the Newkirk special voting preferred stock, voting together as a class. In order for the merger to proceed, the stockholders of Newkirk must approve the merger agreement and the transactions contemplated by the merger agreement, including the merger and the other Newkirk special meeting matters, and the Lexington shareholders must approve the merger agreement and the transactions contemplated thereby, including the merger, the issuance of Lexington common shares and the amendment and restatement of Lexington's Declaration of Trust and the other Lexington special meeting matters.**

**Whether or not you plan to attend the special meeting, we request that you cast your vote by either completing and returning the enclosed proxy card as promptly as possible or, if you are a Lexington common shareholder, by submitting your proxy or voting instructions by telephone or Internet. If you do not return or submit the proxy or vote in person at the Newkirk special meeting or the Lexington special meeting, the effect will be the same as a vote against the proposal to approve the merger agreement and the transactions contemplated by the merger agreement. The enclosed proxy card contains instructions regarding voting. The dates, times and places of the special meetings are as follows:**

For Lexington:  
11:30 a.m. (local time)  
on November 20, 2006  
at the offices of  
Paul Hastings Janofsky & Walker LLP  
75 E. 55th Street  
New York, New York 10022

For Newkirk:  
10:00 a.m. (local time)  
on November 20, 2006  
at the offices of  
Katten Muchin Rosenman LLP  
575 Madison Avenue  
New York, New York 10022

We are very excited about the combined company's future and the opportunities the proposed merger brings to both Newkirk stockholders and Lexington shareholders, and we thank you for your consideration and continued support.

/s/ T. Wilson Eglin  
T. Wilson Eglin  
Chief Executive Officer, President and Chief  
Operating Officer  
Lexington Corporate Properties Trust

/s/ Michael L. Ashner  
Michael L. Ashner  
Chairman and Chief Executive Officer  
Newkirk Realty Trust, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated October 16, 2006, and will first be mailed to Newkirk stockholders and Lexington shareholders on or about October 18, 2006.

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**REFERENCES TO ADDITIONAL INFORMATION**

Except where we indicate otherwise, as used in this joint proxy statement/prospectus, Lexington refers to Lexington Corporate Properties Trust and its consolidated subsidiaries and Newkirk refers to Newkirk Realty Trust, Inc. and its consolidated subsidiaries. This joint proxy statement/prospectus incorporates important business and financial information about Lexington from documents that it has filed with the Securities and Exchange Commission, referred to as the SEC, but that have not been included in or delivered with this joint proxy statement/prospectus. This joint proxy statement/prospectus incorporates the annual report on Form 10-K/A of Lexington for the fiscal year ended December 31, 2005 and the quarterly reports on Form 10-Q of Lexington for the quarters ended March 31, 2006 and June 30, 2006. For a list of documents incorporated by reference into this joint proxy statement/prospectus and how you may obtain them, see [Where You Can Find More Information](#).

This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus by accessing the SEC's website maintained at [www.sec.gov](http://www.sec.gov).

In addition, Lexington's SEC filings are available to the public on Lexington's website, [www.lxp.com](http://www.lxp.com), and Newkirk's SEC filings are available to the public on Newkirk's website, [www.newkirkreit.com](http://www.newkirkreit.com). Information contained on Lexington's website, Newkirk's website or the website of any other person is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider information contained on those websites as part of this joint proxy statement/prospectus.

Lexington will provide you with copies of this information relating to Lexington, without charge, if you request them in writing or by telephone from:

Lexington Corporate Properties Trust  
One Penn Plaza, Suite 4015  
New York, New York 10119-4015  
Attention: Investor Relations  
Telephone: (212) 692-7200

Newkirk will provide you with copies of this information relating to Newkirk, without charge, if you request them in writing or by telephone from:

Newkirk Realty Trust, Inc.  
7 Bulfinch Place, Suite 500  
Boston, Massachusetts 02114  
Attention: Investor Relations  
Telephone: (617) 570-4680

**If you would like to request documents, please do so by November 13, 2006, in order to receive them before the special meetings.**

Lexington has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Lexington, and Newkirk has supplied all information contained in this joint proxy statement/prospectus relating to Newkirk.

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**NEWKIRK REALTY TRUST, INC.  
7 Bulfinch Place, Suite 500  
Boston, Massachusetts 02114**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders (the Newkirk special meeting ) of NEWKIRK REALTY TRUST, INC., a Maryland corporation, will be held at the 11th Floor Conference Center in the offices of Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022, on November 20, 2006 at 10:00 a.m. local time, to consider and act upon the following:

- (1) To consider and vote on the approval of the Agreement and Plan of Merger, dated as of July 23, 2006, by and among Lexington Corporate Properties Trust and Newkirk Realty Trust, Inc., as amended, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus and the transactions contemplated thereby, including the merger of Newkirk with and into Lexington;
- (2) The adjournment or postponement of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the proposals; and
- (3) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only holders of shares of common stock, par value \$0.01 per share, of record at the close of business on October 13, 2006 and NKT Advisors, LLC, as the holder of Newkirk's Special Voting Preferred Stock, shall be entitled to receive notice of, and to vote at, the Newkirk special meeting, and at any adjournment or postponement thereof. In the joint proxy statement/prospectus, we refer to the Newkirk common stock and the Newkirk special voting preferred stock, collectively, as the Newkirk voting stock.

**IT IS IMPORTANT THAT YOUR NEWKIRK VOTING STOCK BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE INSTRUCT THE PROXY HOLDERS HOW TO VOTE YOUR SHARES BY:**

MARKING, SIGNING, DATING AND PROMPTLY RETURNING the enclosed proxy card in the postage-paid envelope (it requires no postage if mailed in the United States).

Any proxy or instruction may be revoked at any time before its exercise at the special meeting. Please authorize your proxy as instructed above so that your shares of common stock will be represented and voted at the special meeting.

By order of the Board of Directors,

/s/ Carolyn B. Tiffany  
Carolyn B. Tiffany  
Secretary

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**LEXINGTON CORPORATE PROPERTIES TRUST  
One Penn Plaza, Suite 4015  
New York, New York 10119-4015**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the shareholders of Lexington Corporate Properties Trust:

Lexington will hold a special meeting of its shareholders at 11:30 a.m. local time, on November 20, 2006, at the New York offices of Paul, Hastings, Janofsky & Walker LLP, located at 75 East 55th Street, New York, New York 10022, unless postponed or adjourned to a later date. The Lexington special meeting will be held for the following purposes:

- (1) To consider and vote on the approval of the Agreement and Plan of Merger, dated as of July 23, 2006, by and among Lexington Corporate Properties Trust and Newkirk Realty Trust, Inc., as amended, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus, and the transactions contemplated thereby, including the merger of Newkirk with and into Lexington, the adoption of the Amended and Restated Declaration of Trust (a copy of which is attached as Annex B) and the issuance of Lexington common shares under and as contemplated by the merger agreement;
- (2) The adjournment or postponement of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the proposals; and
- (3) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only holders of record of Lexington common shares at the close of business on October 13, 2006, the record date for the Lexington special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the meeting.

**IT IS IMPORTANT THAT YOUR LEXINGTON COMMON SHARES BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE INSTRUCT THE PROXY HOLDERS HOW TO VOTE YOUR SHARES IN ONE OF THE FOLLOWING WAYS:**

MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope (it requires no postage if mailed in the United States);

USE THE TOLL-FREE TELEPHONE NUMBER shown on the enclosed proxy card (this call is free in the United States and Canada) and follow the recorded instructions; or

VISIT THE INTERNET WEBSITE shown on the enclosed proxy card and follow the instructions provided to authorize your proxy to vote through the Internet.

Any proxy or instruction may be revoked at any time before its exercise at the special meeting. Please authorize your proxy using one of the methods set forth above so that your common shares will be represented and voted at the special meeting.

By Order of the Board of Trustees,



/s/ Paul R. Wood

Paul R. Wood

Vice President, Chief Accounting Officer and Secretary

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS**

**About the Merger**

***Q: Why am I receiving this document?***

A: Lexington's board of trustees and Newkirk's board of directors have each approved an agreement and plan of merger (which we refer to as the merger agreement) between Lexington Corporate Properties Trust (which we refer to as Lexington) and Newkirk Realty Trust, Inc. (which we refer to as Newkirk). The merger agreement provides for the merger of Newkirk with and into Lexington (which we refer to as the merger).

The Lexington common shares to be issued in the merger cannot be issued without the approval of the Lexington common shareholders, and the merger cannot be completed without the approval of the Lexington common shareholders and the Newkirk voting stockholders. Lexington and Newkirk will hold separate special meetings of their respective common shareholders and voting stockholders to obtain these approvals. This document is the joint proxy statement for Lexington and Newkirk to solicit proxies for their respective special meetings. It is also the prospectus of Lexington regarding the Lexington common shares of beneficial interest, par value \$0.0001 per share (which we refer to as Lexington common shares), to be issued under and as contemplated by the merger agreement.

This joint proxy statement/prospectus contains important information about the proposed merger and the special meetings of Lexington and Newkirk, and you should read it carefully.

***Q: Why are Lexington and Newkirk proposing the merger?***

A: The board of trustees of Lexington and the board of directors of Newkirk believe that the merger represents a strategic combination that will be in the best interests of their respective shareholders and will achieve key elements of both companies' strategic business plans. The combined company will own more than 350 properties located across 44 states with a presence in the nation's premier growth markets and a high quality and diversified tenant base. The boards expect that the combined company will have significantly increased equity market capitalization and a conservative balance sheet, which the boards expect will provide greater financial flexibility and liquidity. Both boards believe that this financial flexibility coupled with a highly experienced management team will enable the combined company to exploit a wide range of investment opportunities and pursue both traditional and opportunistic single tenant related lines of business. The boards of both companies believe that the combined resources of our companies will create additional and more significant opportunities for long-term growth and value-creation than either company could achieve independently. To review each of our reasons for the merger in greater detail, please see *The Merger Recommendation of Lexington's Board of Trustees and Lexington's Reasons for the Merger* and *The Merger Recommendation of Newkirk's Board of Directors and Newkirk's Reasons for the Merger*.

***Q: What will Newkirk common stockholders receive in the merger?***

A: Newkirk common stockholders will receive 0.80 of a Lexington common share for each outstanding share of Newkirk common stock, par value \$0.01 per share (which we refer to as Newkirk common stock), they own immediately prior to the consummation of the merger. Cash will be paid instead of issuing fractional shares. In this joint proxy statement/prospectus, we refer sometimes to the Lexington common shares to be issued in the

merger as the merger consideration.

***Q: Will Newkirk Master Limited Partnership units currently redeemable for Newkirk common stock be redeemable for Lexington common shares?***

A: Yes. After the merger, the Newkirk Master Limited Partnership (which we refer to as the MLP) will become a subsidiary of Lexington and renamed the Lexington Master Limited Partnership and the MLP units will be redeemable for Lexington common shares. In order to give effect to the exchange ratio in the merger, there will be a 0.80 for 1 reverse split of MLP units upon consummation of the merger.

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Thereafter each MLP unit may be redeemed at the holder's option for cash, based on the value of one Lexington common share, or, at Lexington's option, for one Lexington common share.

***Q: What will Lexington common shareholders receive in the merger?***

A: Lexington common shareholders will not receive any additional shares in connection with the merger. Each Lexington common share held by Lexington common shareholders will continue to represent one Lexington common share after the consummation of the merger. If the merger is completed, Lexington intends, at the sole discretion of Lexington's board of trustees, to make a one-time special dividend/distribution of \$0.17 per Lexington common share/operating partnership unit to the holders thereof on a record date on or prior to the completion of the merger, whether or not any such shareholders voted to approve the merger. In addition, in the event Newkirk pays a dividend to maintain its REIT status or avoid imposition of entity-level income or excise taxes under the Code, in an amount in excess of its regular quarterly dividend, Lexington may make a corresponding dividend/distribution equal to 125% of the excess.

***Q: If the merger is completed, when can Newkirk stockholders expect to receive the merger consideration for their shares of Newkirk common stock?***

A: Promptly after the merger is completed, holders of Newkirk common stock at the time the merger is completed will receive detailed instructions regarding the surrender of their stock certificates. Such holders should not send their stock certificates to Lexington or anyone else until they receive these instructions. The exchange agent will arrange for the payment of the merger consideration to be sent to holders of Newkirk common stock as promptly as practicable following receipt of their stock certificates and other required documents.

***Q: What happens if the market price of Lexington common shares or Newkirk common stock changes before the closing of the merger?***

A: No change will be made to the 0.80 exchange ratio for the exchange of Newkirk common stock for Lexington common shares in the merger. Because the exchange ratio is fixed, the value of the consideration to be received by Newkirk common stockholders in the merger will depend upon the market price of Lexington common shares at the time of the merger.

***Q: Who will own Lexington common shares after the closing of the merger?***

A: Based on the number of Lexington common shares and operating partnership units and shares of Newkirk common stock and operating partnership units outstanding as of October 13, 2006, the record date for the special meetings, immediately after the closing of the merger, current Newkirk common stockholders and unitholders in The Newkirk Master Limited Partnership (who we refer to as MLP unitholders) will beneficially own approximately 46.7% and current Lexington common shareholders and unitholders in Lexington's operating partnerships will beneficially own approximately 53.3%, of the then-outstanding Lexington common shares (assuming redemption of operating partnership units for Lexington common stock but not conversion of Lexington's 6.50% Series C Cumulative Convertible Preferred Stock).

***Q: Is the percentage of voting shares that Newkirk stockholders and MLP unitholders will hold following the merger the same as their ownership percentage?***

A: No. As part of the merger, Newkirk's special voting preferred stock will be converted into a share of special voting preferred stock of Lexington initially entitled to 36,000,000 votes on each matter submitted to Lexington shareholders. This voting share will be beneficially owned by the holders of MLP units that were outstanding as



of November 7, 2005 (which we refer to as voting MLP units) and will entitle such MLP unitholders to direct the voting of this share. Unitholders in Lexington's operating partnerships do not have such a voting right. Accordingly, based on Lexington common shares and Newkirk common stock and voting MLP units outstanding as of the record date, Newkirk stockholders and MLP unitholders will be entitled to cast and/or direct approximately 49.2% of Lexington's voting stock.

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***Q: On what am I being asked to vote and what is the Board's recommendation?***

A: *Lexington common shareholders.* You are being asked to approve the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Lexington's board of trustees has approved the merger agreement, the merger and the related transactions, including the Amended and Restated Declaration of Trust (a copy of which is attached hereto as Annex B) and the Amended and Restated By-laws (a copy of which is attached as Annex C) and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Lexington and its shareholders. Lexington's board of trustees recommends that Lexington common shareholders vote FOR approval of the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

*Newkirk voting stockholders.* You are being asked to vote to approve the merger agreement, the merger and the related transactions.

The merger agreement also provides for the amendment and restatement of the Agreement of Limited Partnership of The Newkirk Master Limited Partnership (which we refer to as the MLP partnership agreement) to provide for, among other things, the substitution of a Lexington subsidiary as the general partner of the MLP, a 0.80 for 1 reverse split of MLP units and for the redemption of each MLP unit, either in cash or Lexington common shares, based on the value of one Lexington common share. You are not being asked to vote on the amendment and restatement of the MLP partnership agreement, which will be voted on separately by the MLP unitholders. Holders of more than a majority of the outstanding MLP units have either entered into agreements to vote in favor of the amendment or disclosed their intention to vote in favor of the amendment.

Newkirk's board of directors has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Newkirk and its stockholders. Newkirk's board of directors recommends that Newkirk voting stockholders vote FOR the approval of the merger agreement, the merger and the related transactions. Beneficial owners of approximately 46.3% of Newkirk's voting stock have agreed to vote in favor of the merger.

***Q: How soon after the special meetings will the merger occur?***

A: We are working to complete the merger as soon as possible. A number of conditions must be satisfied before we can do so, including approval of the Lexington common shareholders and the Newkirk voting stockholders. Assuming that all of the conditions to the merger will be satisfied beforehand, we currently intend to complete the merger on or about December 29, 2006, unless we mutually agree to accelerate the closing date.

***Q: Who will manage Lexington after the merger?***

A: Lexington's board of trustees will be increased from nine to 11 members at the effective time of the merger and will include seven current Lexington trustees, Michael L. Ashner, who is currently the Chairman and Chief Executive Officer of Newkirk, Clifford Broser and Richard Frary, who are currently members of Newkirk's board of directors, and William J. Borruso, who is currently serving as a director of Lexington Strategic Asset Corp., a subsidiary of Lexington. Current Lexington trustees Seth M. Zachary and Stanley R. Perla will resign from Lexington's board of trustees as of the effective time of the merger. Lexington's existing management team will be joined by Michael L. Ashner and Lara Johnson, Newkirk's Executive Vice President, who collectively will

manage the operations of Lexington after the merger.

***Q: What will my dividends be before and after the merger?***

A: Newkirk's regular quarterly dividend on Newkirk common stock is currently \$0.40 per share. Following the merger it is expected that Lexington, at the sole discretion of Lexington's board of trustees, will pay

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quarterly dividends of \$0.375 per share, which, from a Newkirk common stockholder's perspective, would be equivalent to a quarterly distribution of \$0.30 per share based on the exchange ratio of 0.80 Lexington shares for each Newkirk share. Until the merger is completed, Newkirk common stockholders will continue to receive regular quarterly dividends as authorized by Newkirk's board of directors and declared by Newkirk. The merger agreement permits Newkirk to pay a regular quarterly cash dividend in an amount not to exceed \$0.40 per share of Newkirk common stock. Newkirk currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the merger. Also, Newkirk may declare and pay, if necessary, a dividend equal to the amount necessary to maintain the REIT status of Newkirk and avoid any imposition of entity-level income or excise taxes under the Internal Revenue Code (which we refer to as the Code). Furthermore, in the event Lexington makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regularly quarterly dividend (other than the Lexington special dividend discussed below), Newkirk may make a corresponding dividend equal to 80% of the excess.

Lexington's regular quarterly dividend on Lexington common shares is currently \$0.365 per share. Lexington common shareholders will continue to receive regular dividends as authorized by Lexington's board of trustees and declared by Lexington. The merger agreement permits Lexington to pay regular quarterly cash dividends in an amount not to exceed \$0.365 per Lexington common share. Lexington currently intends to continue to pay regular quarterly dividends. Also, Lexington may declare and pay, if necessary, a dividend equal to the amount necessary to maintain the REIT status of Lexington and avoid imposition of entity-level income or excise taxes under the Code. Furthermore, in the event Newkirk makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regularly quarterly dividend, Lexington may make a corresponding dividend equal to 125% of the excess. In addition, Lexington intends, at the sole discretion of Lexington's board of trustees, to make a one-time special dividend/distribution of \$0.17 per Lexington common share/operating partnership unit to the holders thereof on a record date on or prior to the completion of the merger. We refer to this one-time special dividend as the Lexington special dividend.

The merger agreement provides that Lexington and Newkirk will coordinate the declaration, record and payment dates of any dividends in respect of their respective common shares (other than the Lexington special dividend described above). This coordination reflects the intention of Lexington and Newkirk that the holders of Lexington common shares and shares of Newkirk common stock not receive more than one dividend, or fail to receive one dividend, for any single calendar quarter with respect to the shares they currently own and any Lexington common shares received in the merger.

Prior to the closing of the merger, each of Newkirk and Lexington will declare and set a record date prior to the closing for a pro rata dividend based on the number of days that have elapsed during the current quarter and the amount of their regular quarterly dividend.

After the closing of the merger, former holders of Newkirk common stock that receive Lexington common shares in the merger will receive the dividends payable to all holders of Lexington common shares with a record date after the closing, for the period from the closing date through the end of the quarter, provided they continue to own their shares through the record date. Upon closing, at the sole discretion of Lexington's board of trustees, Lexington is expected to increase its annual dividend to \$1.50 per Lexington common share, or \$0.375 per Lexington common share per quarter.

Upon the closing of the merger, former holders of Newkirk common stock will cease receiving any distributions or dividends on all shares of Newkirk common stock held before the merger, other than any unpaid distributions or dividends declared by Newkirk before the closing of the merger.

For additional discussion of dividends, please see [The Merger Agreement](#) [Coordination of Dividends](#).



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***Q: Do Lexington common shareholders and Newkirk common stockholders have appraisal rights in connection with the merger?***

A: No. Lexington and Newkirk are both formed under Maryland law. Under Maryland law, because Lexington's common shares and Newkirk's common stock are each listed on a national securities exchange, Lexington common shareholders and Newkirk common stockholders do not have dissenters' rights of appraisal in connection with the merger.

***Q: What will be the U.S. federal income tax consequences of the merger to the Newkirk stockholders?***

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code so that, assuming the merger does qualify, you will not recognize any gain or loss upon the exchange of your Newkirk common stock for Lexington common shares in the merger, but you will recognize gain (or loss) for U.S. federal income tax purposes as a result of the merger to the extent of any cash received in lieu of fractional shares.

Tax matters are complicated and the tax consequences of the merger to Newkirk stockholders may vary depending on a Newkirk stockholder's particular circumstances. Newkirk stockholders should consult their own tax advisors regarding the tax consequences of the merger to them. For further information concerning the U.S. federal income tax consequences of the merger, please see Material Federal Income Tax Consequences of the Merger.

**About the Special Meetings**

***Q: Where and when are the special meetings?***

A: *Lexington common shareholders.* The Lexington special meeting will take place at the New York offices of Paul, Hastings, Janofsky & Walker LLP (which we refer to as Paul Hastings), located at 75 East 55th Street, New York, New York 10022, on November 20, 2006, at 11:30 a.m. local time.

*Newkirk voting stockholders.* The Newkirk special meeting will take place at the New York offices of Katten Muchin Rosenman LLP (which we refer to as Katten Muchin), located at 575 Madison Avenue, New York, New York 10022 on November 20, 2006, at 10:00 a.m. local time.

***Q: Who is entitled to vote?***

A: Holders of record of Lexington common shares and Newkirk voting stock, as applicable, at the close of business on October 13, 2006, the record date for the Lexington and Newkirk special meetings, are entitled to vote at their respective special meetings. On that date, there were 53,110,833 Lexington common shares outstanding and entitled to vote and 19,375,000 shares of Newkirk common stock outstanding and entitled to vote as well as 45,000,000 votes entitled to be cast by the Newkirk special voting preferred stock.

***Q: How do I cast my vote?***

A: If you are a Lexington common shareholder or a Newkirk voting stockholder of record, you may vote in person at your special meeting or submit a proxy for your special meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope. If you are a Lexington common shareholder, you may also instruct the proxy holders how to vote by telephone or through the internet by following the instructions on your proxy card.

***Q: What vote is required?***

A: *Lexington common shareholders.* Approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement, requires the affirmative vote of at least a majority of the votes entitled to be cast by holders of Lexington common shares at the Lexington special meeting. The affirmative vote of a majority of the votes cast by the holders of the

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Lexington common shares voting either in person or by proxy at the Lexington special meeting is required to approve, if necessary, the extension of the solicitation period and the adjournment of the Lexington special meeting.

*Newkirk voting stockholders.* The affirmative vote in person or by proxy of at least a majority of the votes entitled to be cast by holders of shares of Newkirk voting stock at the Newkirk special meeting is required to approve the merger agreement, the merger and the related transactions. The affirmative vote of a majority of the votes cast by the holders of the Newkirk voting stock voting either in person or by proxy at the Newkirk special meeting is required to approve, if necessary, the extension of the solicitation period and the adjournment of the Newkirk special meeting. Beneficial owners of approximately 46.3% of Newkirk's voting stock have agreed to vote in favor of the merger.

***Q: Can I change my vote after I have granted my proxy?***

A: Yes. You may revoke your proxy and change your vote at any time before your proxy is voted at your special meeting by following the procedures set forth under the applicable section of this joint proxy statement/prospectus entitled *The Lexington Special Meeting How You May Revoke Your Proxy Instructions* and *The Newkirk Special Meeting How You May Revoke Your Proxy Instructions*.

***Q: What happens if I am a Lexington common shareholder and I do not indicate how I want to vote, do not vote or abstain from voting on the Lexington proposals?***

A: If you are a Lexington common shareholder and you sign and send in your proxy but do not indicate how you want to vote on the proposals, your proxy will be voted in favor of all of the proposals on which a vote will take place at the special meeting. **If you do not submit your proxy and do not attend the Lexington special meeting, your shares will not count towards a quorum, and if a quorum is present, your shares will have the effect of a vote against the merger proposal.** Abstentions and broker non-votes will count towards a quorum but will not be counted as votes cast and will have the effect of a vote against the merger proposal. Abstentions and broker-non votes will have no effect on the proposal for the extension of the solicitation period and the adjournment of the Lexington special meeting.

***Q: What happens if I am a Newkirk voting stockholder and I do not indicate how I want to vote, do not vote or abstain from voting on the merger?***

A: If you are a Newkirk voting stockholder and you sign and send in your proxy but do not indicate how you want to vote on the merger, your proxy will be voted in favor of the proposal to approve the merger agreement, the merger and the related transactions. **If you do not submit your proxy and do not attend the Newkirk special meeting, your shares will not count towards a quorum, and if a quorum is present, your shares will have effect of a vote against the merger proposal.** Abstentions and broker non-votes will count towards a quorum but will not be counted as votes cast and will have the effect of a vote against the merger proposal. Abstentions and broker-non votes will have no effect on the proposal for the extension of the solicitation period and the adjournment of the Newkirk special meeting.

***Q: If my shares are held in street name by my broker, will my broker vote my shares for me?***

A: It depends. **Your broker will NOT vote your Lexington common shares or Newkirk voting stock with respect to the merger proposal unless you tell the broker how to vote.** To do so, you should follow the directions that your broker provides you. Your broker MAY vote your Lexington common shares or shares of Newkirk common stock with respect to the extension of the solicitation period and the adjournment of the special



meeting.

***Q: Should I send in my Newkirk stock certificates now?***

A: No. If you hold any Newkirk stock certificates evidencing Newkirk common stock, you will receive written instructions for exchanging those Newkirk stock certificates for the merger consideration. You may not have received any stock certificates because your Newkirk securities were not directly registered. The written instructions you will receive will also advise you what to do if your securities were directly registered.

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**How to Get More Information**

***Q: Who can answer my questions?***

**A:** *Lexington common shareholders.* Lexington common shareholders who have questions about the merger or want additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Investor Relations, Lexington Corporate Properties Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015, Telephone (212) 692-7200.

*Newkirk voting stockholders.* Newkirk voting stockholders who have questions about the merger or want additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Investor Relations, Newkirk Realty Trust, Inc., 7 Bulfinch Place, Suite 500, Boston, Massachusetts 02114, Telephone (617) 570-4680.

Lexington common shareholders and Newkirk voting stockholders can also contact our proxy solicitation agent:

MacKenzie Partners, Inc.  
105 Madison Avenue  
New York, New York 10016  
Call Toll-Free: (800) 322-2885  
Call Collect: (212) 929-5500  
Email: proxy@mackenziepartners.com

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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers, including the information relating to Newkirk set forth in Annex F, for a more complete understanding of the matters being considered at the special meeting. In addition, we incorporate by reference important business and financial information about Lexington into this joint proxy statement/prospectus. Unless we have otherwise stated, all references in this joint proxy statement/prospectus to Lexington are to Lexington Corporate Properties Trust, all references to Newkirk are to Newkirk Realty Trust, Inc., and all references to the MLP are to The Newkirk Master Limited Partnership. For more information about Lexington and Newkirk, including where you can find the incorporated information free of charge, see the section of this joint proxy statement/prospectus entitled *Where You Can Find More Information*.*

**The Companies**

**Lexington Corporate Properties Trust**

One Penn Plaza, Suite 4015  
New York, New York 10119-4015  
(212) 692-7200  
www.lxp.com

Lexington is a self-managed and self-administered real estate investment trust, commonly referred to as a REIT, formed under the laws of the State of Maryland. Lexington's common shares, and beneficial interests classified as preferred stock (which we refer to as Lexington's preferred shares) of which Lexington has two classes outstanding, 8.05% Series B Cumulative Redeemable Preferred Stock, or Series B Preferred Shares, and 6.50% Series C Cumulative Convertible Preferred Stock, or Series C Preferred Shares, are traded on the New York Stock Exchange under the symbols LXP, LXP pb and LXP pc, respectively. Lexington's primary business is the acquisition, ownership and management of a geographically diverse portfolio of net leased office, industrial and retail properties. Most of Lexington's properties are subject to triple net leases, which are generally characterized as leases in which the tenant bears all or substantially all of the costs and cost increases for real estate taxes, utilities, insurance and ordinary repairs and maintenance. As of June 30, 2006, Lexington had ownership interests in 191 properties, located in 39 states and the Netherlands which contained an aggregate of approximately 40.2 million net rentable square feet of space. 70 of these properties, which contained approximately 15.7 million net rentable square feet of space, were held through non-consolidated joint ventures with third parties. Approximately 97.8% of the 40.2 million net rentable square feet of space was subject to a lease.

Lexington elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with its taxable year ended December 31, 1993. If Lexington qualifies for taxation as a REIT, it generally will not be subject to federal corporate income taxes on its net income that is currently distributed to its shareholders.

Lexington grows its portfolio primarily by acquiring properties from: (i) corporations and other entities in sale-leaseback transactions; (ii) developers of newly-constructed properties built to suit the needs of a corporate tenant; and (iii) sellers of properties subject to an existing lease. Lexington has diversified its portfolio by geographical location, tenant industry segment, lease term expiration and property type with the intention of providing steady rental revenue growth with low volatility. Lexington believes that this diversification should help insulate it from regional recession, industry specific downturns and price fluctuations by property type. As part of its ongoing efforts, Lexington expects to continue to effect portfolio and individual property acquisitions and dispositions, expand

existing properties, attract investment grade and other quality tenants, extend lease maturities in advance of expiration and refinance outstanding indebtedness when advisable. Additionally, Lexington enters into joint ventures with third-party investors as a means of creating additional growth and expanding the revenue realized from advisory and asset management activities.

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Through a wholly-owned taxable REIT subsidiary, Lexington acts as the external advisor to Lexington Strategic Asset Corp., or LSAC, a specialty investment company of which Lexington owns approximately 32% of the fully diluted outstanding common stock. LSAC seeks to make investments in: (i) general purpose real estate net leased to unrated or below investment grade credit tenants; (ii) net leased special purpose real estate located in the United States, such as medical buildings, theaters, hotels and auto dealerships; (iii) net leased properties located in the Americas outside of the United States with rent payments denominated in United States dollars, with such properties typically leased to U.S. companies; (iv) specialized facilities in the United States supported by net leases or other contracts where a significant portion of the facility's value is in equipment or other improvements, such as power generation assets and cell phone towers; and (v) net leased equipment and major capital assets that are integral to the operations of LSAC's tenants and LSAC's real estate investments.

If you want to find more information about Lexington, please see the section entitled "Where You Can Find More Information."

**Newkirk Realty Trust, Inc.**

7 Bulfinch Place, Suite 500  
Boston, Massachusetts 02114  
Attention: Investor Relations  
Telephone: (617) 570-4680  
www.newkirkreit.com

Newkirk is a Maryland corporation which has elected to be taxed as a REIT under Sections 856 through 860 of the Code. Newkirk was formed in July 2005 and began operations in November 2005 when it acquired, upon consummation of its initial public offering, the general partner interest and a 30.1% ownership interest in the MLP. All of Newkirk's operations are conducted and all assets are held through the MLP. Newkirk's shares of common stock are traded on the New York Stock Exchange under the symbol "NKT."

Newkirk's primary business is the acquisition, ownership, management and strategic disposition of single-tenant and net-leased assets. Newkirk currently has significant liquidity and actively seeks to acquire both conventional and opportunistic single tenant and net lease properties and related assets, including debt secured by these types of real estate assets. As of July 15, 2006, Newkirk's primary assets were its interests in 166 real properties, almost all of which were net leased to a single tenant and were located in 32 states and contained an aggregate of 16,816,667 square feet. Newkirk also held: (i) a 50% interest in 111 Debt Holdings LLC, a joint venture formed to acquire and originate loans secured, directly and indirectly, by real estate assets; (ii) subordinated interests in a securitized pool of notes evidencing first mortgage indebtedness secured by certain of its properties as well as other properties; (iii) limited partnership interests in various partnerships that own commercial net leased properties; (iv) an interest in a management company that provides services to other real estate partnerships; (v) ground leases, remainder interests or the right to acquire remainder interests in various properties; and (vi) miscellaneous other assets.

Newkirk's affairs are currently managed by NKT Advisors, LLC (which we refer to as NKT Advisors), its external advisor, under the supervision of its executive officers and board of directors. For providing advisory services to Newkirk, NKT Advisors is entitled to a base management fee which is paid quarterly and is based on the outstanding equity of Newkirk and the MLP, with a minimum annual fee of \$4,800,000, as well as an incentive management fee based on the results of operations of the MLP. In turn, NKT Advisors subcontracts for certain services with Winthrop Realty Partners, L.P. The Chief Executive Officer of both NKT Advisors and Winthrop Realty Partners is Michael L. Ashner, who is also Newkirk's Chairman and Chief Executive Officer. The advisory agreement with NKT Advisors will be terminated on the closing of the merger.

Since its initial public offering, Newkirk's primary long-term business objectives have been to increase funds from operations, cash flow available for distribution to its stockholders and net asset value per share. At the time of its initial public offering, most of Newkirk's properties had contractual primary term rental rates that were significantly above market and renewal rates significantly below the primary term rental rates. In addition, leases on approximately 14,000,000 square feet were scheduled to expire over the period extending through 2009. As a result, Newkirk anticipated that over this period its funds from operations and cash flow

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attributable to existing properties would decline. For the short-term, Newkirk has sought to actively manage its lease rollover and reduce the impact of the built in step down in cash flow and funds from operations with new rents derived from portfolio growth through acquisitions.

From the closing of Newkirk's initial public offering in November 2005 through July 31, 2006, Newkirk renewed and/or leased an aggregate of 2,480,000 square feet of space. Although it is not actively seeking to sell properties, during this period Newkirk has sold or agreed to sell approximately 3,436,000 square feet of space. Accordingly, a total of 5,916,000 square feet of space with leases scheduled to expire by the end of 2009 was relet or sold during this period. In the same period, Newkirk acquired 879,000 square feet of industrial space for approximately \$31,000,000, office properties containing 994,000 square feet for approximately \$108,000,000 and acquired or committed to acquire in its 111 Debt Holdings LLC joint venture \$150,600,000 of debt assets. Together these investments represent portfolio acquisitions of over \$289,000,000 since its initial public offering.

If you want to find more information about Newkirk, please see the section entitled "Where You Can Find More Information."

**The Special Meetings**

**Lexington Special Meeting; Quorum and Required Vote (see page 31)**

The Lexington special meeting will be held at the New York offices of Paul, Hastings, Janofsky & Walker LLP, located at 75 East 55th Street, New York, New York 10022, at 11:30 a.m. local time on November 20, 2006. At the Lexington special meeting, holders of Lexington common shares will consider and vote on the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of the Lexington common shares, requires the affirmative vote of the holders of at least a majority of the Lexington common shares entitled to vote on the proposal.

The affirmative vote of a majority of the votes cast by the holders of Lexington common shares present in person or by proxy at the special meeting is necessary to adjourn the meeting and to extend the period for solicitation of shareholder votes.

The holders of a majority of the outstanding common shares entitled to vote at the Lexington special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Lexington special meeting. All Lexington common shares represented at the Lexington special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Abstentions by holders of Lexington common shares will not be counted as votes cast. Thus, such abstentions will have the effect of a vote against the merger proposal but will have no effect on the proposal for extension of the solicitation process or the adjournment of the special meeting.

Under the listing requirements of the New York Stock Exchange, or NYSE, brokers who hold Lexington common shares in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be "non-routine," such as approval of the merger and the issuance of Lexington common shares under and as contemplated by the

merger agreement, without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes. If your broker holds your Lexington common shares in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy



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statement/prospectus. Broker non-votes will not be counted as votes cast at the Lexington special meeting and will have the effect of a vote against the merger proposal but will have no effect on the proposal to adjourn the meeting.

**Proxy Solicitation Costs (See page 32)**

Lexington will pay the cost of soliciting proxies for the Lexington special meeting. In addition to solicitation by mail, certain trustees, officers and regular employees of Lexington and its affiliates may solicit the return of proxies by telephone, personal interview or otherwise. Lexington may also reimburse brokerage firms and other persons representing the beneficial owners of its stock for their reasonable expenses in forwarding proxy solicitation materials to such beneficial owners. MacKenzie Partners, Inc., a proxy-soliciting firm, has been retained to assist Lexington in the solicitation of proxies, for which MacKenzie Partners, Inc. will be paid \$10,500.

**Newkirk Special Meeting; Quorum and Required Vote (see page 33)**

The Newkirk special meeting will be held at the New York offices of Katten Muchin Rosenman LLP, located at 575 Madison Avenue, New York, New York 10022 at 10:00 a.m. local time on November 20, 2006. At the Newkirk special meeting, holders of Newkirk voting stock will consider and vote on a proposal to approve the merger agreement, the merger and the related transactions.

Approval of the merger agreement, the merger and the related transactions requires the affirmative vote in person or by proxy of at least a majority of the votes entitled to be cast by holders of the shares of Newkirk voting stock at the Newkirk special meeting.

The holders of shares of Newkirk voting stock entitled to cast at least a majority of the votes at the Newkirk special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Newkirk special meeting. All shares of Newkirk voting stock represented at the Newkirk special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Abstentions by holders of Newkirk voting stock will not be counted as votes cast. Thus, such abstentions will have the effect of a vote against the merger proposal but will have no effect on the proposal for extension of the solicitation process or the adjournment of the special meeting.

The affirmative vote of a majority of the votes cast by the holders of Newkirk voting stock voting in person or by proxy at the special meeting is necessary to adjourn the meeting and to extend the period for solicitation of stockholder votes.

Broker non-votes, as discussed above, will not be counted as votes cast at the Newkirk special meeting and will have the effect of a vote against the merger proposal but will have no effect on the proposal to adjourn the meeting.

**The Merger**

The merger contemplates that Newkirk will merge with and into Lexington, with Lexington as the surviving company. The surviving company will change its name to Lexington Realty Trust.

**Treatment of Newkirk Common Stock (see page 70)**

In the merger, each share of Newkirk common stock shall be converted into the right to receive 0.80 of a Lexington common share.

No change will be made to the 0.80 exchange ratio for the exchange of Newkirk common stock for Lexington common shares in the merger. Because the exchange ratio is fixed, the value of the consideration to be received by Newkirk common stockholders in the merger will depend upon the market price of Lexington common shares at the time of the merger.

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Newkirk common stockholders will not receive any fractional Lexington common shares in the merger. After taking into account all shares of Newkirk common stock delivered by them, Lexington will pay Newkirk common stockholders cash in lieu of any fraction of a Lexington common share in an amount equal to such fraction multiplied by the average closing prices of Lexington common shares quoted on the NYSE for the five trading day period ending on the trading date immediately prior to the closing date of the merger.

### **Conversion of Newkirk Special Voting Preferred Stock (See page 81)**

NKT Advisors is the holder of the outstanding share of Newkirk special voting preferred stock, which entitles NKT Advisors to vote on all matters for which holders of Newkirk common stock are entitled to vote. The number of votes that NKT Advisors is entitled to cast in respect of the Newkirk special voting preferred stock is currently 45,000,000. As voting MLP units are redeemed by Newkirk at the option of an MLP unitholder, the number of votes that NKT Advisors is entitled to cast in respect of its Newkirk special voting preferred stock is decreased by an equivalent number. NKT Advisors has agreed to cast its votes in respect of the Newkirk special voting preferred stock in proportion to the direction it receives from holders of voting MLP units, subject to certain limitations.

In the merger, the outstanding share of Newkirk special voting preferred stock will be converted into one share of Lexington special voting preferred stock, which is not entitled to dividends, but does entitle NKT Advisors to vote on all matters for which holders of Lexington common shares are entitled to vote. The number of votes that NKT Advisors will be entitled to vote in respect of the Lexington special voting preferred stock will be adjusted to reflect the 0.80 exchange ratio to initially equal 36,000,000. As voting MLP units are redeemed by Lexington at the option of an MLP unitholder, the number of Lexington votes that NKT Advisors will be entitled to cast will be decreased by an equivalent number. Following the merger, NKT Advisors will continue to be obligated to cast its votes in respect of the Lexington special voting preferred stock in proportion to the votes it receives from holders of voting MLP units, subject to certain limitations. However, at any time that Vornado Realty Trust, Inc. (which we refer to as Vornado) and its affiliates are prohibited from directing the vote of their MLP units, NKT Advisors will be able to cast the votes with respect to the Lexington special voting preferred stock relating to such MLP units in its sole discretion.

### **Payment of Dividends (See page 73)**

Between the signing of the merger agreement and the closing of the merger, Lexington and Newkirk will align their record and payment dates in connection with the payment of their regular quarterly dividends.

Newkirk's regular quarterly dividend on its common stock is currently \$0.40 per share. Following the merger, it is expected that Lexington, at the sole discretion of Lexington's board of trustees, will pay quarterly dividends of \$0.375 per share, which, from a Newkirk common shareholder's perspective, would be equivalent to a quarterly distribution of \$0.30 per share based on the exchange ratio of 0.80 Lexington shares for each Newkirk share. Until the merger is completed, Newkirk common stockholders will continue to receive regular quarterly dividends as authorized by Newkirk's board of directors and declared by Newkirk. The merger agreement permits Newkirk to pay a regular quarterly cash dividend in an amount not to exceed \$0.40 per share of Newkirk common stock. Newkirk currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the merger. Also, Newkirk may declare and pay, if necessary, a dividend in the amount necessary to maintain the REIT status of Newkirk and avoid any imposition of entity-level income or excise taxes under the Code. Furthermore, in the event Lexington makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regular quarterly dividend (other than the Lexington special dividend discussed below), Newkirk may make a corresponding dividend equal to 80% of the excess.

Lexington's regular quarterly dividend on its common shares is \$0.365 per share. Lexington common shareholders will continue to receive regular dividends as authorized by Lexington's board of trustees and declared by Lexington. The

merger agreement permits Lexington to pay regular quarterly cash dividends in an amount not to exceed \$0.365 per Lexington common shares. Lexington currently intends to continue to pay regular quarterly dividends. Also, Lexington may declare and pay, if necessary, a dividend in the amount

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necessary to maintain the REIT status of Lexington and avoid imposition of entity-level or excise taxes under the Code. Furthermore, in the event Newkirk makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regular quarterly dividend, Lexington may make a corresponding dividend equal to 125% of the excess. In addition, Lexington intends, at the sole discretion of Lexington's board of trustees, to make the one-time Lexington special dividend/distribution of \$0.17 per common share/operating partnership unit to the holders thereof on a record date prior to the completion of the completion of the merger.

Each of Newkirk and Lexington will declare and set a record date prior to the closing for a pro rata dividend based on the number of days that have elapsed during the current quarter and the amount of their regular quarterly dividend.

After the closing of the merger, former holders of Newkirk common stock that receive Lexington common shares in the merger will receive the dividend payable to all holders of Lexington common shares with a record date after the closing, for the period from the closing date through the end of the quarter, provided they continue to own their shares through the record date. Upon closing, at the sole discretion of Lexington's board of trustees, Lexington is expected to increase its annual dividend to \$1.50 per Lexington common share, or \$0.375 per Lexington common share per quarter.

Upon the closing of the merger, former holders of Newkirk common stock will cease receiving any distributions or dividends on all shares of Newkirk common stock held before the merger, other than any unpaid distributions or dividends declared by Newkirk before the closing of the merger.

**Recommendation of Lexington's Board of Trustees and Lexington's Reasons for the Merger (see page 44)**

Lexington's board of trustees has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions, including the amendment and restatement of the Declaration of Trust are advisable and fair to, and in the best interests of, Lexington and its shareholders, and have approved the amendment and restatement of the By-laws.

**Lexington's board of trustees recommends that Lexington common shareholders vote FOR approval of the merger agreement, the merger and the related transactions, the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.**

You should refer to the factors considered by Lexington's board of trustees in making its decision to approve the merger agreement, the merger and the related transactions and to recommend to Lexington's shareholders the approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

On the record date for the Lexington special meeting, a total of 2,418,108, or approximately 4.6%, of the outstanding Lexington common shares entitled to vote at the Lexington special meeting were held by Lexington trustees, executive officers and their respective affiliates, all of whom Lexington expects will vote their shares for the approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

**Recommendation of Newkirk's Board of Directors and Newkirk's Reasons for the Merger (see page 47)**

Newkirk's board of directors has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Newkirk and its stockholders.

**Newkirk's board of directors recommends that Newkirk voting stockholders vote FOR the approval of the merger agreement, the merger and the related transactions.**

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You should refer to the factors considered by Newkirk's board of directors in making its decision to approve the merger agreement, the merger and the related transactions and to recommend to the Newkirk voting stockholders the approval of the merger agreement, the merger and the related transactions.

On the record date for the Newkirk special meeting, a total of 16,778,947 or approximately 26.1%, of the votes entitled to be cast at the Newkirk special meeting were held by Newkirk directors, executive officers and their respective affiliates.

As of October 13, 2006, Michael L. Ashner, the Chairman and Chief Executive Officer of Newkirk, Apollo Real Estate Investment Fund III, L.P. (which we refer to as Apollo), AP-Newkirk Holdings LLC, WEM-Brynmawr Associates LLC, and WRT Realty L.P., held a total of 29,831,908 or approximately 46.3%, of the outstanding Newkirk voting shares and have agreed to vote all Newkirk voting shares held by them in favor of the merger. Newkirk expects that all of its other directors, executive officers and their respective affiliates will also vote their shares in favor of the merger agreement, the merger and the related transactions. WRT Realty L.P. is the operating partnership of Winthrop Realty Trust, a New York Stock Exchange listed real estate investment trust (which we refer to as Winthrop), of which Michael L. Ashner is chief executive officer.

### **Interests of Lexington's Executive Officers, Trustees and Certain Security Holders in the Merger (see page 65)**

The executive officers of Lexington may have been entitled to payments in connection with the consummation of the merger under the terms of their employment agreements with Lexington. Each of these executive officers has waived his rights, on a one-time basis in connection with the merger, with respect to such payments.

We believe these waivers align the interests of the executive officers of Lexington with the interests of the other Lexington common shareholders with respect to the merger.

### **Interests of Newkirk's Executive Officers, Directors and Certain Security Holders in the Merger (see page 66)**

In considering the recommendation of Newkirk's board of directors with respect to the merger agreement, the merger and the related transactions, you should be aware that some of the Newkirk executive officers, directors and security holders have interests in the merger that are different from, or in addition to, the interests of other Newkirk common stockholders. These interests include:

the appointment of Mr. Ashner, the current Chairman and Chief Executive Officer of Newkirk, as Executive Chairman and Director of Strategic Transactions of Lexington pursuant to an employment agreement to be signed upon completion of the merger;

the receipt by NKT Advisors of \$12.5 million for terminating its advisory agreement with Newkirk and the MLP. Vornado, an affiliate of Newkirk board member and Lexington board designee Clifford Broser, as well as a significant security holder of Newkirk, owns a 20% interest in NKT Advisors and will be entitled to receive up to \$2.5 million of the termination fee being paid to NKT Advisors. Winthrop will receive \$4.4 million of the \$12.5 million payment for termination of Newkirk's advisory agreement with NKT Advisors. Mr. Ashner is Chairman and Chief Executive Officer of NKT Advisors and Chief Executive Officer of Winthrop and he and other executive officers of Newkirk own a 28% minority economic interest in NKT Advisors and a 7.3% interest in Winthrop;

the early termination of a lock up agreement restricting the sale of 4,375,000 shares of Newkirk common stock owned by Winthrop. As of September 1, 2006, 468,750 of the shares owned by Winthrop were subject to forfeiture during a period expiring on November 7, 2008 and, upon closing of the merger, the forfeiture

provisions will terminate. If the merger does not occur, these shares will be released from the forfeiture restrictions at the rate of 17,361 shares per month;



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the continuation for one year of existing property management agreements between Winthrop Management LP, an affiliate of Mr. Ashner, and the MLP and the retention of Winthrop Management LP as a property manager on all properties acquired by Lexington during that period where a property manager is retained;

the granting by Lexington of exemptions from its 9.8% ownership limitation to two significant security holders in Newkirk, Apollo and its affiliates and Vornado Realty L.P., an affiliate of Vornado. Apollo and Vornado were each previously granted ownership waivers by Newkirk in connection with Newkirk's initial public offering. Clifford Broser, a Newkirk director and a Lexington trustee designee, is affiliated with Vornado;

the early termination of lock up agreements with respect to shares of Newkirk common stock issuable to certain officers and directors of Newkirk with respect to approximately 747,542 post-reverse split MLP units. The lock up agreement restricting the sale of common shares by Mr. Ashner will continue in full effect;

the continued indemnification of current directors and officers of Newkirk and NKT Advisors under the merger agreement and the provision of directors' and officers' liability insurance to these individuals and this entity; and

the entry into the voting agreements described below.

Newkirk's board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the merger and the related transactions and in making their recommendation.

**Voting Agreements (see page 80)**

Apollo, AP-Newkirk Holdings LLC, WEM-Brynmawr Associates LLC, WRT Realty L.P. and Michael L. Ashner have each entered into a voting agreement with Lexington which requires each of them to vote all Newkirk voting shares and MLP units beneficially owned by each of them as of the record date for the Newkirk special meeting in favor of the merger proposal (and against competing proposals). These voting agreements terminate on the earlier to occur of: (i) the date of the consummation of the merger; (ii) the date of the termination of the merger agreement in accordance with its terms; (iii) the date upon which Newkirk's board of directors publicly withdraws its recommendation of the merger; and (iv) the date upon which Newkirk's board of directors publicly recommends or approves any alternative acquisition transaction.

As of October 13, 2006, Apollo, AP-Newkirk Holdings LLC, WEM-Brynmawr Associates LLC, WRT Realty L.P. and Michael L. Ashner and his affiliates collectively held a total of 29,831,908 or approximately 46.3%, of the outstanding Newkirk voting shares.

**Registration Rights Agreement (see page 82)**

Lexington has agreed to assume identified registration rights obligations of Newkirk after consummation of the merger, including the registration rights of MLP unitholders. Lexington has agreed that holders of registration rights under such agreements will have substantially the same rights after the merger with respect to the registration of the Lexington common shares that such holders may receive in the merger or upon conversion of their MLP units into Lexington common shares.

**Exclusivity Agreement (see page 80)**

Newkirk will assign its rights to Lexington under an exclusivity agreement pursuant to which Michael L. Ashner is obligated to offer exclusively to Newkirk each net lease business opportunity offered to or generated by Mr. Ashner

during the exclusivity period. The termination of Mr. Ashner's obligations to offer such business opportunities to Lexington will be triggered if Mr. Ashner's employment with Lexington is terminated other than for cause (as defined in the employment agreement between Lexington and Mr. Ashner) or if Mr. Ashner terminates his employment with Lexington for Good Reason (as defined in

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such employment agreement), or on the six month anniversary of the later of (i) the date on which Mr. Ashner ceases to be an officer of Lexington and (ii) the date on which Mr. Ashner ceases to be a trustee of Lexington.

Net lease business opportunity is defined as any investment in real property or assets related thereto, other than certain specified excluded investments, which relate solely to:

a property that is either (a) triple net leased or (b) one in which a single tenant leases at least 85% of the rentable square footage of the property and, in addition to base rent, the tenant is required to pay some or all of the operating expenses for the property, and, in both (a) and (b) the lease has a remaining term, exclusive of all unexercised renewal terms, of more than 18 months;

management agreements and master leases with terms of greater than three years where a manager or master lessee bears all operating expenses of the property and pays the owner a fixed return;

securities of companies including, without limitation, corporations, partnerships and limited liability companies, whether or not publicly traded, that are primarily invested in assets that meet the two requirements listed above; and

all re-tenanting and redevelopment associated with such properties, agreements and leases, and all activities incidental thereto.

**Amendments to Lexington's Governing Documents in the Merger (see page 91)**

If the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement, are approved by Lexington's shareholders at the Lexington special meeting, Lexington's declaration of trust will be amended and restated in the merger as marked in the Amended and Restated Declaration of Trust (a copy of which is attached as Annex B). The Amended and Restated Declaration of Trust will be the declaration of trust of Lexington from the effective time of the merger until the same is amended or supplemented in accordance with its terms and Maryland law. In connection with the merger, Lexington's board of trustees amended Lexington's By-laws as shown in the annotated Amended and Restated By-laws (a copy of which is attached as Annex C). The Amended and Restated By-laws will be the By-laws of Lexington until it is amended in accordance with its terms and Maryland law. We encourage you to read the Amended and Restated Declaration of Trust and the Amended and Restated By-laws because they are the legal documents that govern your rights as Lexington shareholders after the merger.

**Opinions of Financial Advisors**

**Opinion of Lexington's Financial Advisor (see page 49)**

Wachovia Capital Markets, LLC (which we refer to as Wachovia Securities), has provided its opinion to Lexington's board of trustees dated as of July 23, 2006, that, as of that date, and subject to and based on the qualifications and assumptions set forth in its opinion, the exchange ratio of 0.80 Lexington common shares for every one share of Newkirk common stock is fair to Lexington from a financial point of view.

**Opinion of Newkirk's Financial Advisor (see page 58)**

Newkirk's board of directors received an opinion from Bear, Stearns & Co. Inc. (which we refer to as Bear Stearns), its financial advisor, dated as of July 23, 2006, that, as of that date, and subject to and based on the various assumptions and qualifications set forth in such opinion, the ratio of 0.80 Lexington common shares for every one share of

Newkirk common stock pursuant to the merger agreement and the receipt of cash in lieu of fractional Lexington common shares is fair to the public holders of Newkirk common stock who are not entering into voting or other types of agreements with Newkirk or Lexington in connection with the merger from a financial point of view.

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**The Merger Agreement**

The merger agreement, as amended, is attached to this joint proxy statement/prospectus as Annex A. We encourage you to read the merger agreement because it is the legal document that governs the merger. The merger agreement has been included in this joint proxy statement/prospectus to provide you with information regarding its terms. It is not intended to provide you with any factual information about Lexington or Newkirk.

**What We Need to Do to Complete the Merger (see page 74)**

Lexington and Newkirk will complete the merger only if the conditions set forth in the merger agreement are satisfied or, in some cases, waived. These conditions include:

the approval by Newkirk voting stockholders of the merger agreement, the merger and the related transactions;

the approval by the Lexington common shareholders of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement;

the approval for listing on the New York Stock Exchange of the Lexington common shares to be issued under and as contemplated by the merger agreement (which approval was obtained on October 10, 2006);

the absence of legal prohibitions to the merger;

the continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part;

the accuracy of each company's representations and warranties;

the performance by each company of its obligations under the merger agreement;

the absence of any material adverse effect on Lexington or Newkirk between July 23, 2006 and the date on which the merger is completed;

the receipt of legal opinions from counsel to each company as to the qualification of the merger as a reorganization under the Internal Revenue Code and as to each company's qualification as a REIT under the Internal Revenue Code; and

approval of the amended and restated MLP partnership agreement.

The parties have agreed that the closing will be delayed until on or about December 29, 2006 notwithstanding the approval of the merger agreement by shareholders of both companies and the satisfaction of the other closing conditions on an earlier date, which we refer to as the satisfaction date. The parties may mutually agree to accelerate the closing. If the closing is delayed, the accuracy of each company's representations and warranties and the absence of any material adverse effect on either company, need only be satisfied as of the satisfaction date.

**Lexington and Newkirk Prohibited from Soliciting Other Offers (see page 77)**

Each of Lexington and Newkirk has agreed not to solicit, initiate, encourage or knowingly take any other action to facilitate any inquiries or other action by a third party that could reasonably be expected to lead to an alternative acquisition, including:

any merger or business combination (other than the merger discussed in this joint proxy statement/prospectus) involving either Lexington or Newkirk;

any sale of 25% or more of the assets of either Lexington or Newkirk; or

any tender offer or exchange offer for 25% or more of the voting power of outstanding equity securities of either Lexington or Newkirk.

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**Termination of the Merger Agreement; Fees and Expenses (see page 78)**

Lexington and Newkirk can agree to terminate the merger agreement at any time, even after shareholder and stockholder approvals have been obtained. In addition, either Lexington or Newkirk can terminate the merger agreement if any of the following occurs:

the merger is not completed on or before March 31, 2007, other than due to a breach of the merger agreement by the party seeking to terminate the merger agreement;

a legal prohibition to the merger has become final and non-appealable;

a breach by the other party of any of its representations, warranties or agreements under the merger agreement such that a condition to completing the merger cannot be satisfied by the earlier of March 31, 2007 or 60 days after delivery of notice of such breach; or

the necessary approval of the other party's shareholders or stockholders is not obtained at the other party's special meeting.

Notwithstanding the foregoing, once the satisfaction date has occurred, neither Lexington nor Newkirk will thereafter be able to terminate the merger agreement on account of a breach by the other party of its representations and warranties under the merger agreement.

The merger agreement provides that Lexington or Newkirk may be required to reimburse up to \$5.0 million of the other party's expenses if the merger agreement is terminated under specified circumstances. The merger agreement also provides that under specified circumstances, if the merger agreement is terminated and a party to the merger agreement enters into a definitive agreement with respect to an alternative acquisition transaction with a third party within six months of termination, that party may be required to pay the other party a termination fee of \$25 million. The termination fee will be reduced by the amount of any prior expense reimbursement fee paid by the party that is required to pay the termination fee.

**Other Information**

**MLP Unit Reverse Split and Amendment and Restatement of the MLP Agreement (see page 85)**

Concurrently with the merger, the MLP partnership agreement will be amended and restated to substitute a subsidiary of Lexington as the general partner and provide that, among other things, MLP units, which are currently redeemable at the option of the holder for cash based on the value of a share of Newkirk common stock or, at Newkirk's option, in Newkirk common stock, will be redeemable at the option of the holder for cash based on the value of a common share of Lexington, or, if Lexington elects, on a one-for-one basis for common shares of Lexington, in each case after giving effect to a 0.80 for 1 reverse split of outstanding units.

**Material Federal Income Tax Consequences (see page 86)**

The merger is intended to qualify as a reorganization under the Code, so that, assuming the merger does qualify, Newkirk stockholders will not recognize any gain or loss upon the exchange of their Newkirk common stock for shares of Lexington stock in the merger, but they will recognize gain (or loss) for U.S. federal income tax purposes as a result of the merger to the extent of any cash received in lieu of fractional shares. No gain or loss will be recognized by Lexington or its shareholders.

For further information concerning the U.S. federal income tax consequences of the merger, please see **Material Federal Income Tax Consequences of the Merger**. Because the tax consequences of the merger are complex and may vary depending on the particular circumstances of a Newkirk stockholder, each Newkirk stockholder is urged to consult its own tax advisors for a full understanding of the tax consequences of the merger.

**Dissenters Rights of Appraisal (see page 67)**

Neither Lexington common shareholders nor Newkirk common stockholders have dissenters rights of appraisal in connection with the merger.



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**Regulatory Matters (see page 67)**

Neither Lexington nor Newkirk is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained by Lexington or Newkirk in connection with the merger.

**Stock Exchange Listing and Related Matters (see page 67)**

Lexington will list the Lexington common shares to be issued to holders of shares of Newkirk common stock in connection with the merger on the NYSE. After the closing of the merger, there will be no further trading in Newkirk common stock and Newkirk will delist its common stock from the NYSE and will file a Form 15 to deregister its common stock for purposes of the Securities Exchange Act of 1934, as amended.

**Accounting Treatment (see page 68)**

The merger will be treated as a purchase for financial accounting reporting purposes. This means that Lexington will record all assets acquired and all liabilities assumed at their estimated fair values at the time the merger is completed.

Newkirk is a Variable Interest Entity (VIE), due to the MLP unitholders having a voting interest. As a result of being a VIE, 100% of the assets and liabilities are recorded at their estimated fair values including the related impact to minority interest.

In particular, the fair value of the real estate acquired is allocated to land, building and improvements, above-market and below-market leases and other value of in-place leases, based in each case on their fair values.

The fair value of land, building and improvements and fixtures and equipment is determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land, building and improvements based on management's determination of relative fair values of these assets. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods, considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases including leasing commissions.

In allocating the purchase price to the fair value of the above-market and below-market in-place leases, the values are based on the difference between the current in-place lease rent and a management estimate of current market rents. Below-market lease values are recorded as part of the deferred revenue and amortized into rental revenue over the non-cancelable periods of the respective leases including any periods covered by a bargain lease renewal. Above-market leases are recorded as part of real estate and amortized as a direct charge against rental revenue over the non-cancelable primary portion of the respective leases.

The aggregate value of acquired in-place lease intangibles, is measured by the excess (i) the purchase price paid for a property over (ii) the estimated fair value of the property as if vacant, determined as set forth above. The value of the in-place lease intangibles is amortized to expense over the remaining non-cancelable periods of the respective leases.

**Differences in Rights of Lexington Common Shareholders and Newkirk Common Stockholders (see page 95)**

The rights of Newkirk common stockholders are currently governed by the Maryland General Corporation Law and Newkirk's Charter and By-laws. Following the merger, the rights of former Newkirk common stockholders who receive Lexington common shares will be governed by the Maryland REIT Law and Lexington's Declaration of Trust and By-laws, both as amended and restated as annexed to this joint proxy statement/prospectus. There are important

differences in the rights of Newkirk common stockholders and Lexington common shareholders with respect to voting requirements and various other matters.

**Table of Contents****Selected Historical Consolidated Financial Data**

The following information is provided to assist you in your analysis of the financial aspects of the merger. This information has been derived from the audited consolidated financial statements for the years ended December 31, 2001 through 2005 of each of Lexington and Newkirk (or its predecessor, the MLP) and from the unaudited consolidated financial statements for the six months ended June 30, 2005 and 2006 of each of Lexington and Newkirk (or its predecessor, the MLP).

This information is only a summary. You should read it along with, as applicable, Lexington's or Newkirk's historical financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Lexington's annual reports on Form 10-K or 10-K/A and the consolidated financial statements of Newkirk contained in Annex F, quarterly reports on Form 10-Q, current reports on Form 8-K, Newkirk's registration statement on Form S-11 and other information on file with the Securities and Exchange Commission and, in the case of Lexington, are incorporated by reference into this joint proxy statement/prospectus. Please see "Where You Can Find More Information". Operating results for the six months ended June 30, 2006 are not necessarily indicative of results for the year ending December 31, 2006. For a discussion of certain factors that may materially affect the comparability of the selected historical financial information or cause the data reflected herein not be indicative of Lexington's and Newkirk's future financial condition or results of operations, please see "Risk Factors".

**For Lexington**

	2005	Years Ended December 31,				Six Months Ended		
		2004	2003	2002	2001	2006	2005	
	(In thousands, except per share data)						(In thousands, except per share data)	
Total gross revenues	\$ 197,132	\$ 143,364	\$ 105,974	\$ 85,093	\$ 74,602	\$ 105,657	\$ 85,325	
Expenses applicable to revenues	(94,400)	(49,684)	(33,696)	(25,760)	(21,594)	(55,863)	(36,295)	
Interest and amortization expense	(65,065)	(44,857)	(34,168)	(32,354)	(29,416)	(35,446)	(27,782)	
Income from continuing operations	18,192	35,293	24,411	22,409	15,180	10,263	18,172	
Total discontinued operations	14,503	9,514	9,238	8,186	2,882	21,335	7,303	
Net income	32,695	44,807	33,649	30,595	18,062	31,598	25,475	
Net income allocable to common shareholders	16,260	37,862	30,257	29,902	15,353	23,380	17,257	
	0.04	0.61	0.62	0.80	0.64	0.04	0.20	

Income from continuing operations per common share basic							
Income from continuing operations per common share diluted	0.04	0.59	0.61	0.79	0.63	0.04	0.20
Income from discontinued operations basic	0.29	0.20	0.27	0.31	0.15	0.41	0.15
Income from discontinued operations diluted	0.29	0.21	0.27	0.30	0.14	0.41	0.13
Net income per common share basic	0.33	0.81	0.89	1.11	0.79	0.45	0.35
Net income per common share diluted	0.33	0.80	0.88	1.09	0.77	0.45	0.33
Cash dividends declared per common share	1.445	1.410	1.355	1.325	1.290	0.73	0.72
Net cash provided by operating activities	105,457	90,736	68,883	56,834	40,750	53,784	50,417
Net cash used in investing activities	(643,777)	(202,425)	(295,621)	(106,166)	(63,794)	(22,092)	(622,518)

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	Years Ended December 31,					Six Months Ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
	(In thousands, except per share data)					(In thousands, except per share data)	
Net cash provided by (used in) financing activities	444,878	242,723	228,986	47,566	32,115	(30,889)	467,524
Ratio of earnings to combined fixed charges and preferred dividends	1.15	1.57	1.59	1.82	1.47	1.27	1.50
Real estate assets, net	1,641,927	1,227,262	1,001,772	779,150	714,047	1,619,398	1,699,403
Investments in non-consolidated entities	191,146	132,738	69,225	54,261	48,764	186,391	159,387
Total assets	2,160,232	1,697,086	1,207,411	902,471	822,153	2,140,997	2,184,249
Mortgages, notes payable and credit facility, including discontinued operations	1,170,560	765,909	551,385	491,517	455,771	1,156,975	1,235,004
Shareholders equity	891,310	847,290	579,848	332,976	266,713	887,334	860,170
Preferred share liquidation preference	234,000	214,000	79,000		25,000	234,000	234,000

**Table of Contents****For Newkirk**

The following financial data are derived from Newkirk's audited consolidated financial statements as of December 31, 2005 and for the period from November 7, 2005 to December 31, 2005 and from the Newkirk Master Limited Partnership's (the "Predecessor") audited consolidated financial statements for the period from January 1, 2005 to November 6, 2005 and as of and for the years ended December 31, 2004, 2003 and 2002 and from the combined consolidated financial statements of Newkirk RE Holdings, LLC and Newkirk NL Holdings, LLC ( "Previous Predecessor Entity") as of and for the year ended December 31, 2001.

	<b>The Company(1) Period November 7, 2005 to December 31, 2005</b>	<b>Period January 1, 2005 to November 6, 2005</b>	<b>The Predecessor(2)</b>			<b>The Previous Predecessor</b>		<b>Six Months Ended June 30, 2006</b>	<b>Six Mo Ende June 200</b>
			<b>Year Ended December 31, 2004</b>	<b>Year Ended December 31, 2003</b>	<b>Year Ended December 31, 2002</b>	<b>Year Ended December 31, 2001(3)</b>			
	(In thousands, except per share data)								
Revenues	\$ 31,739	\$ 177,452	\$ 211,679	\$ 225,942	\$ 216,688	\$ 258,975	\$ 116,121	\$ 104,000	
Income from									
Operating									
Income before									
Property interest	1,626	40,753	86,456	91,054	88,425	102,049	43,815	34,000	
Income from									
Operating	144	24,815	67,972	72,757	77,740	46,387	12,176	24,000	
Income from									
Continued	1,205	18,356	69,836	72,407	45,122	3,224	2,450	1,000	
Income	1,349	43,171	137,808	145,164	122,862	49,611	14,626	23,000	
Income per									
Share	0.07						0.63		
Weighted average									
Number of shares	19,375						19,375		
Dividend declared									
Per share	0.27						0.80		
Cash provided									
Operating	29,445	113,018	154,372	160,802	146,070		81,744	74,000	
Cash provided									
(Used in)	(40,066)	60,788	92,103	61,392	11,080		(180,145)	(82,000)	
Operating activities	125,872	(135,558)	(257,861)	(214,834)	(123,698)		(27,810)	(82,000)	
Cash provided									
(Used in)									

ing activities							
state							
ments, net of							
ulated							
iation	943,992	1,032,797	1,129,237	1,203,890	1,001,321	1,012,917	974,000
ssets	1,345,084	1,237,129	1,384,094	1,476,623	1,476,922	1,428,054	1,178,000
lebt	770,786	907,339	1,104,231	1,238,494	1,024,539	801,600	844,000
rs equity		203,785	98,864	(6,104)	257,518		209,000
olders equity	176,041					177,154	

- (1) Represents historical financial data of Newkirk as adjusted for material discontinued operations.
- (2) Represents historical financial data for the Newkirk Master Limited Partnership and its subsidiaries as adjusted for material discontinued operations.
- (3) The combined consolidated balance sheet at December 31, 2001 and the combined consolidated operating results for the year ended December 31, 2001 are not comparable to the consolidated balance sheet data at December 31, 2002 and the consolidated operating data results for the year ended December 31, 2002. The Previous Predecessor Entity amounts include assets that were not transferred to the Newkirk Master Limited Partnership and certain discontinued operations, and the Newkirk Master Limited Partnership amounts include assets that were contributed to the Newkirk Master Limited Partnership by partners other than the Previous Predecessor Entity.

**Table of Contents****Selected Unaudited Pro Forma Consolidated Financial and Other Data**

The following table shows information about Lexington's financial condition and results of operations, including per share data, after giving effect to the consummation of the merger. The table sets forth the information as if the merger had become effective on June 30, 2006, with respect to the balance sheet information, and as of January 1, 2005, with respect to the income statement information. The pro forma financial data presented are based on the purchase method of accounting.

The information is based on, and should be read together with, the historical financial statements, including the notes thereto, of Lexington that have been presented in prior filings with the SEC, the consolidated financial statements of Newkirk included in Annex F and the more detailed unaudited pro forma financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus. See [Where You Can Find More Information](#) and [Unaudited Pro Forma Combined Condensed Consolidated Financial Statements](#).

We anticipate the merger to provide the combined company with financial benefits that include cost savings and additional revenue opportunities. The unaudited pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

	<b>Lexington/Newkirk Pro Forma Combined</b>	
	<b>Year Ended December 31, 2005</b>	<b>Six Months Ended June 30, 2006</b>
	<b>(Unaudited, dollars in thousands)</b>	
Total gross revenues	\$ 332,892	\$ 183,722
Expenses applicable to revenues	(172,028)	(97,304)
Interest and amortization expense	(125,722)	(60,695)
Income from continuing operations	9,224	13,293
Income (loss) from continuing operations per common share basic	(0.11)	0.08
Income (loss) from continuing operations per common share diluted	(0.24)	0.08
Real estate assets, net		3,037,065
Investments in non-consolidated entities		224,637
Total assets		4,366,769
Mortgages, notes payable and credit facility payable		1,952,686
Shareholders' equity		1,194,904

**Comparative Per Share Data**

The following table presents, for the periods indicated, selected historical per share data for Lexington common shares and Newkirk common stock, as well as unaudited pro forma per share amounts for the Lexington common shares and unaudited pro forma per share equivalent amounts for the Newkirk common stock, assuming the issuance of 15,500,000 Lexington common shares in the merger. The pro forma amounts included in the table below are presented



as if the merger had been effective for the periods presented, and are based on the purchase method of accounting.

You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and accompanying notes of Lexington and Newkirk, incorporated into this joint proxy statement/prospectus by reference (in the case of Lexington), and the unaudited pro forma combined financial information and accompanying discussions and notes beginning on page F-1. Please see [Where You Can Find More Information](#) . The pro forma amounts in the table below are presented for informational purposes only. You should not rely on the pro forma amounts as being indicative of the financial

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position or results of operations of the combined company that would have actually occurred had the merger been effective during the periods presented or of the future financial position or future results of operations of the combined company. The combined financial information as of or for the periods presented may have been different had the companies actually been combined as of or during those periods.

		<b>Six Months Ended June 30, 2006</b>	<b>Year Ended December 31, 2005</b>
<i>Lexington Historical</i>			
Income from continuing operations per common share	basic	\$ 0.04	\$ 0.04
Income from continuing operations per common share	diluted	0.04	0.04
Book value per share at period end		12.32	12.60
<i>Newkirk Historical</i>			
Income per basic share from continuing operations		\$ 0.63	\$ 0.39
Income per diluted share from continuing operations		0.63	0.39
Book value per share at period end		9.14	9.09
<i>Unaudited Pro Forma Combined</i>			
Income (loss) from continuing operations per common share	basic	\$ 0.08	\$ (0.11)
Income (loss) from continuing operations per common share	diluted	0.08	(0.24)
Book value per share at June 30, 2006		14.02	N/A
<i>Unaudited Pro Forma Combined Newkirk Equivalents (A)</i>			
Income (loss) from continuing operations per common share	basic	\$ 0.06	\$ (0.09)
Income (loss) from continuing operations per common share	diluted	0.06	(0.19)
Book value per share at June 30, 2006		11.22	N/A

(A) Represents unaudited pro forma combined amounts multiplied by the exchange ratio of 0.80 of a Lexington common share for each outstanding share of Newkirk common stock.

**Market Prices and Dividend Information**

Lexington common shares are traded on the New York Stock Exchange under the symbol LXP. Newkirk common stock is traded on the New York Stock Exchange under the symbol NKT. The following table shows, for the periods indicated: (i) the high and low sales prices per Lexington common share and per share of Newkirk common stock as reported on the New York Stock Exchange and (ii) the cash dividends paid per Lexington common share and per share of Newkirk common stock.

	<b>Lexington Common Shares</b>			<b>Newkirk Common Stock(1)</b>		
	<b>High</b>	<b>Low</b>	<b>Dividends</b>	<b>High</b>	<b>Low</b>	<b>Dividends</b>
<b>2005</b>						
First Quarter	\$ 23.90	\$ 20.17	\$ 0.36			
Second Quarter	\$ 24.47	\$ 21.68	\$ 0.36			
Third Quarter	\$ 25.26	\$ 21.50	\$ 0.36			
Fourth Quarter	\$ 23.78	\$ 20.26	\$ 0.36	\$ 16.14	\$ 15.00	\$ 0.27

**2006**

First Quarter	\$ 22.90	\$ 19.64	\$ 0.365	\$ 19.22	\$ 15.47	\$ 0.40
Second Quarter	\$ 22.15	\$ 19.87	\$ 0.365	\$ 19.00	\$ 16.60	\$ 0.40
Third Quarter	\$ 21.90	\$ 19.53	\$ 0.365	\$ 18.40	\$ 15.66	\$ 0.40
Fourth Quarter (through the date of this joint proxy/statement prospectus)	\$ 20.70	\$ 21.41	(2)	\$ 16.82	\$ 16.25	(2)

(1) Newkirk closed its initial public offering on November 7, 2005. Prior to that date, Newkirk's common stock was not publicly traded.

(2) Please see "Questions and Answers About the Mergers" for a description of the dividends anticipated to be paid by Lexington and Newkirk to holders of Lexington common shares and Newkirk common stock, respectively, for periods prior to the effective date of the merger.

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The following table sets forth the closing prices per Lexington common share and per share of Newkirk common stock as reported on the New York Stock Exchange on July 21, 2006, the last full trading day prior to the announcement of the merger agreement, and on October 12, 2006, the most recent practicable date prior to the mailing of this joint proxy statement/prospectus to the Lexington common shareholders and Newkirk common stockholders. This table also sets forth the pro forma equivalent price per share of Newkirk common stock on July 21, 2006, and on October 12, 2006. The pro forma equivalent price per share is equal to the closing price of a Lexington common share on each such date multiplied by 0.80 (the exchange ratio for the merger consideration).

These prices will fluctuate prior to the special meetings and the consummation of the merger, and shareholders and stockholders are urged to obtain current market quotations prior to making any decision with respect to the merger.

	<b>Lexington Common Shares</b>	<b>Newkirk Common Stock</b>	<b>Newkirk Pro Forma Equivalent</b>
At July 21, 2006	\$ 20.97	\$ 16.95	\$ 16.78
At October 12, 2006	\$ 21.05	\$ 16.50	\$ 16.84

**Dividend Policies**

Lexington's board of trustees determines the time and amount of dividends to shareholders. Future Lexington dividends will be authorized at the discretion of Lexington's board of trustees and will depend on Lexington's actual cash flow, its financial condition, its capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as Lexington's board of trustees may deem relevant.

Between the signing of the merger agreement and the closing of the merger, Lexington and Newkirk will align their record and payment dates in connection with the payment of their regular quarterly dividends.

Until the merger is completed, Newkirk common stockholders will continue to receive regular quarterly dividends as authorized by Newkirk's board of directors and declared by Newkirk. The merger agreement permits Newkirk to pay a regular quarterly cash dividend in an amount not to exceed \$0.40 per share of Newkirk common stock. Newkirk currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the merger. Also, Newkirk may declare and pay, if necessary, a dividend in the amount necessary to maintain the REIT status of Newkirk and avoid any imposition of corporate level tax or excise tax under the Code. In the event Lexington makes a dividend to maintain its REIT status or avoid taxes in excess its regular quarterly dividend (other than the Lexington special dividend discussed below), Newkirk may make a corresponding dividend equal to 80% of the excess.

Lexington common shareholders will continue to receive regular dividends as authorized by Lexington's board of trustees and declared by Lexington. The merger agreement permits Lexington to pay regular quarterly cash dividends in an amount not to exceed \$0.365 per Lexington common shares. Lexington currently intends to continue to pay regular quarterly dividends. Also, Lexington may declare and pay, if necessary, a dividend in the amount necessary to maintain the REIT status of Lexington and avoid imposition of corporate level tax or excise tax under the Code. In the event Newkirk makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess its regular quarterly dividend, Lexington intends to make a corresponding dividend equal to 125% of the excess. In addition, Lexington intends, at the sole discretion of Lexington's board of trustees, to make the one-time special dividend/distribution of \$0.17 per Lexington common share and operating unit to the holders thereof on a record date on or prior to the completion of the merger.

Prior to the closing of the merger, each of Newkirk and Lexington will declare and set a record date prior to the closing for a pro rata dividend based on the number of days that have elapsed during the current quarter and the amount of their regular quarterly dividend.

After the closing of the merger, former holders of Newkirk common stock that receive Lexington common shares in the merger will receive the dividends payable to all holders of Lexington common shares

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with a record date after the closing provided they continue to own their shares through the record date. Upon closing, at the sole discretion of Lexington's board of trustees, Lexington is expected to increase its annual dividend to \$1.50 per Lexington common share, or \$0.375 per Lexington common share per quarter.

Upon the closing of the merger, former holders of Newkirk common stock will cease receiving any distributions or dividends on all shares of Newkirk common stock held before the merger, other than any unpaid distributions or dividends declared by Newkirk before the closing of the merger.

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